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TITLE OF THE PROPOSED THESIS

A STUDY ON ONLINE MARKETING STRATEGIES WITH SPECIAL REFERENCE TO DISCOUNT AND DELIVERY MECHANISMS IN KARNATAKA

RESEARCH SCHOLAR

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RESEARCH GUIDE

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INTRODUCTION

Electronic commerce is revolutionising the way business and consumers transact across the globe. Electronic Commerce or e-commerce is said to bring about a paradigm shift in the world of trading. E-commerce can be defined as any form of business transaction in which the parties interact electronically rather than by physical exchanges of documents or direct meetings amongst officials. E-commerce is simply doing business online.

Marketers worldwide are adopting e-commerce technology to market their products and services on the Internet. The businesses these days are moving from the traditional brick-and-mortar model to the click-and-brick model. The customer preference is also shifting towards online marketplaces. There are various reasons for this change, namely, convenience, relatively low prices, price comparison, delivery to the doorstep, and many others.

Online marketing has given rise to many price and non-price competition among the online retailers. To attract the customers these online retailers are providing a number of attractive offers and discounts.

The success of an online store depends on the services it provides to the customers. In fact, the quality of service provided by the e-retailers differentiates them from the traditional retailers. The services include delivery and after sale services. Some of the customers are apprehensive of buying online because they fear the ordered product may not be delivered. To overcome this online retailers have to take steps towards assuring safe and timely delivery of products to the customers. Therefore, distribution logistics play an important role in the success of online marketing.

CONCEPTUAL FRAMEWORK FOR THE STUDY

E-Commerce

E-Commerce or electronic commerce, deals with the buying and selling of goods and services, transmitting of funds or data, over an electronic platform, mainly the internet. These business transactions are categorised into either business-to-business (B2B), or business-to-consumer (B2C), or consumer-to-consumer (C2C), or consumer-to-business (C2B) or the recently evolved business-to-business-to-consumer (B2B2C). E-commerce processes are conducted using applications, such as email, fax, online catalogues and shopping carts, electronic data interchange (EDI), file transfer protocol and web services and e-newsletters to

subscribers. E-travel is the most popular form of e-commerce, followed by e-tail which essentially means selling of retail goods on the internet conducted by the B2C category

Over the last two decades, rising internet and mobile phone penetration has changed the way we communicate and do business. E-commerce is relatively a novel concept. It is, at present, heavily leaning on the internet and mobile phone revolution to fundamentally alter the way businesses reach their customers.

There are two models under e-commerce, namely, inventory based model and marketplace based model.

Inventory based model means an e-commerce activity where inventory of goods and services are owned by the e-commerce entity and is sold to the consumers directly.

Marketplace based model means providing of an Information Technology platform by an e-commerce entity on a digital and electronic network to act as a facilitator between buyer and seller.

Evolution of e-commerce in India

India first interacted with e-commerce through IRCTC (Indian Railway Catering and Tourism Corporation). The Government of India launched the IRCTC online Passenger Reservation System in 2002, which allowed online ticket booking from anywhere at any time. The advancements in the technology can also be seen in the IRCTS online system as now one can book tickets on one go, make easy payments, can check status of the ticket and availability of the train as well. This is a big achievement in the history of India in the field of e-commerce.

After the unexpected success of the IRCTC, the online ticket booking system was followed by the airlines. Airlines agencies encouraged online ticket booking to save the commission payable to agents. Today the online booking system is not just limited to the transportation, rather hotel bookings and bus bookings are also being done using the websites like makemytrip, yatra, trivago, and many others.

The acceptance of e-commerce on a large scale by the Indian customers influenced many players to try this technique for their online business and make profits. Online shopping gained popularity in India with the launch of Flipkart in 2007 and its deep discount model.

Soon other portals like Amazon, Jabong, and others started targeting Indian Online marketplace.

Online shopping in its early stage was a simple medium for shopping with fewer options. The users could just place an order and pay cash on delivery. But, in last few years this field has been renovated to a great extent and has fascinated many customers. Today, the online shopping has become a trend in India and the reason behind the adoption of this technique lies in the attractive online websites, user friendly interface, wider choices at competitive prices, easy to use and more secure payment options, attractive offers and discounts, price comparison, convenience, and others.

The latest trend in e-commerce is to focus on mobile based shopping. The declining price of smart phones has caused this trend. For this reason, many e-commerce firms have started focusing on mobile commerce. It is speculated that the next wave of digital commerce consumers will come through the mobile phones.

In order to attract customers, e-commerce sites often offer deep discounts on the products sold on their e-store, and these discounts differs among various sites depending upon their capacity to negotiate with the suppliers. The customer has to search for the best deal and the price comparison sites like Junglee, PriceDekho, MySmartPrice, and others assists customers in their hunt for the best deals.

Discounts in e-commerce marketplace

The main attraction of online shopping is the benefit of discounts the customers avail from the e-commerce entities. The discounts allowed by online sellers are in reality often alleged to be funded by e-commerce entities. These discounts need not be in the form of direct cash discounts, but also may be in the form of indirect cash back offers or loyalty points.

The e-commerce entities in India are attempting to change the conservative mindset of Indian consumers who are still sceptical about buying online. Hence they have to do a great deal of marketing and sales promotion to engage more and more consumers in online shopping. Again, competition is another reason why e-commerce companies are providing such massive discounts.

The most common question that arises in the mind of a common man who intends to purchase online is: How these firms are able to provide such huge discounts and still manage

to continue in the business? The answer to this question is quite simple and can be pointed out as under:

- Firstly, the online stores do not require the services of middlemen, who often increase the cost of goods sold for the offline retailers, and thus resulting in profit for the e-commerce firm. Further, the cost of conducting business online is comparatively less than the cost of operating an offline store. This helps the online stores to charge their customers substantially low prices.
- Secondly, the online retailers have a wider geographical coverage than the offline retailers. This helps them to make profit despite lower prices due to large volume of purchases.
- Finally, the online retailers mainly rely on drop shipping suppliers, who hold and ship the orders to online customers directly. This relieves the online retailer from the burden and cost of maintaining large warehouses.

Therefore all these will work in the advantage of online retailers enabling them to make profits even though they offer huge discounts. Notwithstanding, even when online retail stores incur losses due to discounts offered, this still works for their advantage as they can build loyal customers overtime and rely on the for future profit and growth.

The Indian e-commerce sector is witnessing a spectacular growth in the last few years. This has attracted many venture capital firms to invest in this sector. All this has enhanced the financial capacity of e-commerce entities operating in the country. To attract more and more customers, these e-commerce entities are offering huge discounts to the customers.

FDI has a major impact on the discounting strategies of e-commerce entities. As per the guidelines issued by the Department of Industrial Policy and Promotion (DIPP) 100 per cent FDI under automatic route is permitted in marketplace model of e-commerce. But FDI is not permitted in inventory based model of e-commerce.

Some of the conditions for FDI in e-commerce sector are as follows (Press Note No. 3 (2016 series) Department of Industrial Policy and Promotion dated 29 March, 2016):

- Marketplace e-commerce entity is permitted to enter into transactions with sellers registered on its platform on B2B basis.

- E-commerce marketplace is allowed to provide support services to sellers in respect of warehousing, logistics, order fulfilment, call centre, payment collection and other services.
- E-commerce entity providing a marketplace will not exercise ownership over the inventory, that is, goods purported to be sold. Such an ownership over the inventory will render the business into inventory based model.
- An e-commerce entity will not permit more than 25 per cent of the sales affected through its marketplace from one vendor or their group companies. In marketplace model goods/ services made available for sale electronically on website should clearly provide name, address and other contact details of the seller. Post sales, delivery of goods to the customers and customer satisfaction will be responsibility of the seller.
- In marketplace model, payments for sale may be facilitated by the e-commerce entity in conformity with the guidelines of the Reserve Bank of India.
- In marketplace model, any warranty or guarantee of goods and services sold will be responsibility of the seller.
- E-commerce entities providing marketplace will not directly or indirectly influence the sale price of goods or services and shall maintain level playing field.

Therefore, as per the conditions stated above, no group company or seller can contribute more than 25 per cent of the sales generated. Further, marketplace e-commerce entities are not allowed to either directly or indirectly influence the product prices sold on their platforms. This would affect the steep discounts provided by these e-commerce entities.

As per the conditions, e-commerce entities are prohibited from funding discounts either directly or indirectly through bonuses or loyalty points, while sellers may allow discounts on goods sold by them. So there are chances that online prices may revert to levels that are comparable with offline prices.

Overview of e-commerce retail logistics

Logistics is a key enabler for growth of the e-commerce retail industry and is increasingly emerging as a differentiator in terms of customer service and satisfaction. Logistics in e-commerce retail is evolving with growing business requirements, and is acting as an important lever for business growth. The logistics sector specific to e-commerce retailing in India was valued at USD 0.46 billion in 2016 and is projected to witness a CAGR of ~48 per

cent in the upcoming five years to reach USD 2.2 billion by 2020. While many e-commerce retailers have partnered with logistic service providers to fulfil their business requirements, some players have also invested in building in-house logistics capabilities. While a large share (as much as 50 per cent) of the e-commerce logistics market is commanded by in-house logistics players, the other 50 per cent is controlled by third-party logistics (3PLs) service providers including traditional Logistics Service Providers (LSPs), e-commerce focussed logistics providers and India Post.(KPMG Report, 2016)

Products bought online undergo a range of processes before they finally reach the end customers. These processes have been outlined below: (KPMG Report, 2016)

- **First mile logistics:** This involves picking up of goods from the sellers and transporting it to the e-commerce retailers' fulfilment centre or directly to the mother warehouse, depending on the type of fulfilment model i.e. inventory-led or marketplace. In the inventory-led model, products are sent to the fulfilment centre without packaging/labelling whereas in the marketplace model, products are completely packed and sent to the warehouse for storage. After the stock arrives at the fulfilment centre, a physical check is carried out against the Advance ship notice (ASN)/transport challan, followed by a quality check, before the product is put away on the racks. The inventory is updated in the Warehouse Management System (WMS) and a stock report is generated. In the marketplace model, products are checked against the arrival list sent from the seller and stored in the mother warehouse, before the products are sent for the last mile delivery.
- **Fulfilment:** Post first mile logistics, its fulfilment, which involves picking and packaging of products once an order is placed on the website. After the order is placed, a pick list is generated and the product is picked and accordingly updated into the system. Then, the products are packed, labelled and moved to the mother warehouse, from where they are sent for last mile delivery.
- **Processing/sorting:** After fulfilment, the products are sorted based on the delivery location at the processing centre of 3PLs and are connected further in the supply chain through line-haul depending upon the final delivery location.
- **Line-haul:** This stage involves connecting the main supply centre with the main demand centre, via land or air depending on the transit time and cost matrix. Airline haul is three to four times costlier than surface line-haul, however it has a lower transit time. Recently 3PLs started off surface express movements for dedicated

movement between two points, with shorter transit times than the normal surface line-haul movement. Long distance line haul (more than 500 km) comprised 100 per cent by air earlier; the share of surface line haul in the long distance line haul has been increasing. Short distance line haul (less than 500 km) are predominantly done by surface with airline haul forming around five to10 per cent of the short distance line haul.

- **Last mile logistics:** This phase involves the dispatch and shipping of products from the mother hubs and to the delivery hubs, from where they are shipped out to the customers. This leg of the entire logistics chain is dependent on manpower and infrastructure in terms of the number of delivery hubs, delivery vans and bikes. Most of the 3PLs face difficulty in maintaining their manpower due to high attrition rate and therefore, face challenges in reliable deliveries.
- **Returns:** Another important aspect of e-commerce retail is higher returns, which can be customer initiated or due to a logistics failure. The returned goods are cycled back into the inventory, restocked and relisted. These can however lead to complications like refund, exchange and replacement, which increases the overall cost of the supply chain. E-commerce retailers are introducing innovative mechanisms to reduce returns such as size-recommendation features to help shoppers make informed choices, reconfirmation via an email as well as an option of cancelling the order before the shipment is processed. Returns comprise about 15 to 20 per cent of forward shipments; four to six per cent being attributed to logistics failure. The rest are customer initiated returns, either before or after the delivery. The returns of delivery could be an expensive affair for an e-commerce retailer, as it pushes up the average cost of delivery by nearly 50 per cent due to two-way courier charges. The return charges are usually INR35 to 50 higher than forward logistics.

REVIEW OF LITERATURE

Every research study relies on the previous studies already carried out by other researchers. It is the basis to identify the research gap, to frame the research objectives and hypotheses for the present study. Some of the important studies in the area of research are presented in this section.

Studies on e-commerce and e-retailing

Allen & Fjermestad (2001) emphasised that by integrating the new strategic frameworks with the traditional marketing model a more thorough framework can be developed. Although many of the e-commerce strategy frameworks offer a unique contribution to strategic planning, integrating these models into the traditional product, price, place and promotion framework can provide a more complete analysis of strategy. The study concludes that the Internet will lead to increased price competition and the standardization of prices and the organizations will employ new pricing models when selling over the Internet.

According to **Confederation of Indian Industry (CII) Report (2016)** e-Commerce has transformed the way business is done in India. The growth of the e-Commerce industry has been triggered by increasing internet and smart phone penetration in not only metro cities but also in tier two & three cities of India. Mobile devices are further expected to drive sales via e-Commerce platforms over the next 5 years. While the e-Commerce space has rapidly evolved, several challenges have surfaced primarily in areas of taxation, logistics, payments, internet penetration and skilled man power. Logistics lies at the heart of e-Commerce and a large number of third-party logistics service providers have entered this space to provide customised last-mile deliveries. From a payment perspective, Cash-on-Delivery continues to dominate the payments for e-Commerce sales in India which in turn presents its own set of unique challenges. Digital payments, such as mobile wallets, are slowly gaining traction. The growing usage of mobile internet and the implementation of the UPI are expected to give further impetus to the growth of digital payments.

Sen (2014) has used factor analyses to understand the factors influencing online purchase and has arrived at four factors: cost factor, convenience factor, product factor, and seller related factor. The study suggests that the cost savings enjoyed by e-commerce companies should be passed on to consumers in terms of price reductions. Also, special offers and discounts should be given to attract customers to shop online. The study further recommends that the companies should provide proper product information on websites, a safe and secured online payment system and cash on delivery facilities.

Dwivedi, Mahesh, & Sanjeev (2012) in their study have indicated that there is a huge gap between the retail set up of India and other developed countries. As India is considered as one of the prominent IT hubs in the world, there is a plethora of opportunity for online trading in India. The study concludes that owing to increased penetration of credit cards and easy access

of computing facilities to a wider population, Internet retailing in India has witnessed a promising growth. Moreover, bargain-hunting consumers are latching on this trend as Internet retailers are known to offer products at special discounted prices compared to store-based retailers.

Joshi & Upadhyay (2014) in their report have focused on the distance between expectation and experience of customers in the online shopping space The survey reveals that there are three primary reasons why people shop online, namely, overall convenience, range and availability of products, and lower prices. Other reasons like attractive ads, discounts and offers, good quality products, or cash on delivery turned out to be insignificant.

According to **CRISIL Opinion Report (2014)** competition from online retailers such as Flipkart (in books, music and electronics), Myntra and Jabong (in apparel) has affected the revenues of physical retailers. They have been compelled to go online even as their net store additions slowed. The impact of online retail is most evident in segments where the product specifications are standard and differentiation is low, such as books, music, and electronics. Unable to match the huge discounts offered by the online retailers, traditional booksellers and music stores are either shuttering outlets or folding up. Even in segments such as apparel, e-commerce companies have become extremely aggressive offering discounts throughout the year, and conducting shopping festivals repeatedly to play the volume game. This is difficult for a physical retailer because of the added costs of lease rentals and higher inventory. In addition, the exponential growth of online retailers has got them the attention of venture capitalists and private equity players, thus enabling them relatively easier access to capital.

Red Seer Management Consulting Report (2017) stated that the industry GMV, which was growing at an annualized triple digit rate from 2013 onwards, dropped down to ~15% in 2015. The report highlighted that due to heavy discounting by e-tailers throughout 2015, there was a significant percentage of GMV which was being driven by retailers and wholesalers buying goods, and in-turn selling it to the end customers. However, post the completion of the festive season 2015, e-tailers started to clean this mess, resulting in an immediate fall in retailer orders and bringing in a much-needed correction for the market. Further, the report stated that the first quarter of 2015 also saw another blow for the industry, in the form of the DIPP regulations on the extent of discounting and the % GMV contribution by captive selling arms of e-tailers. While the first regulation put all the e-tailers in a fix for first few months on how to realign their

strategy, there was also heavy operation jugglery to be done to manage the 25% limit on captive sellers.

Studies on discount pricing

Blois (1994) describes discounts as the mechanism used by the suppliers to encourage customers to modify their behaviour in a way that will be beneficial to the suppliers. The paper emphasizes that the discount structures should be planned and monitored with great care if they have to achieve the objectives for which they were structured. The author points out that the discounts are designed based on certain assumptions regarding the customers' and the competitors' behaviour, which in most cases is difficult to be met practically. Further, the author highlights both the need and difficulty in assessing the likely response of the customers to the discounts offered to them. In order to overcome this difficulty, the author suggests that the discount structures communicated to the customers should be easier for them to understand and then manipulate them for their own advantage.

Isabella, Pozzani, Chen & Gomes (2012) have investigated the reaction of consumers to an advertised discount, depending on the type of discounting method employed, namely, absolute value or percentage. The results of the study indicated that the Framing Effect has an impact on the consumers' choice. Further, the authors suggest that quality perception could be a possible moderator of purchase intention as it is closely linked to the pricing structure.

Santini, Sampaio, Perin & Vieira (2015) have analyzed the effects of sales promotion discounts on consumer purchase intent, assessing the behaviours of impulsivity and financial risk. The experimental research indicated a positive impact of discount promotion on impulsivity and hedonic perception, and a negative relation with the perception of financial risk. The authors further examined the moderating effect of attractiveness of the sales promotion on impulsiveness, hedonic perception and financial risk perception. The results suggested that a more attractive promotion is not positively related to the impulsive characteristic of the consumer and its intention to purchase a particular product. Further, it has been suggested that too much discount brings a discomfort state to the consumer, strengthening a sense of caution and thus relating negatively with the hedonic characteristics. Finally, no moderation ratio was detected between discount attractiveness and financial risk perception, suggesting that the discount attractiveness was not enough to change the financial risk behaviour.

Ilicheva (2015) with the aim of determining the national differences in sales promotions used in e-commerce in Russia and Sweden has done a comparative analysis of pricing promotions which create an incentive to buy in the fashion e-shops in these two countries. The study confirms the existence of the modern marketing trend in e-commerce, which uses discounts as a tool for communication with consumers and for retaining them as a regular customer, and not just for traditional use of discounts as a way to sell remaining goods.

Studies of e-commerce logistics

Klumpp & Jasper (2008) asserts that suitable e-logistics processes are usually one of the cornerstones of a successful online retail channel. The study finds that the customers buy at an online shop for the convenience it affords in terms of wide range of products at affordable prices, fast availability of products, direct delivery, and the possibility to complain. The study reflects that exclusive online presence is not enough for a successful online shop. In addition to the logistic organisation the profitability of the offered goods and the internet-affinity of the target group have to be regarded. The study concludes that e-logistics and e-commerce should be developed together in retail companies in order to achieve a successful supply chain business model.

Ghezzi, Mangiaracina, & Perego (2012) have analysed the relationship between logistics strategies and logistics problems and suggest the e-commerce players to adopt the most appropriate strategy that suits their business model and the nature of their logistics problem. The authors have identified four main elements that should be considered when designing an e-commerce logistics strategy, namely, inventory ownership and location, the order picking policy, the order assemble policy, and the order delivery policy. Further, they have also identified six logistics strategies for e-commerce companies. The six logistics strategies are supplier full-managed, supplier managed inventory, distributed inventory, consignment inventory, merchant managed inventory, and full in-source strategy. Finally, the authors applied this classification model of strategies to 28 case studies and suggested the appropriate strategy according to the business model and nature of logistics problem of the e-commerce players.

ASSOCHAM (The Associated Chambers of Commerce & Industry of India) Report (2014) highlights that the strong emergence of e-commerce will place an enormous pressure on the supporting logistics functions. The proposition of e-commerce to the customer is in offering an almost infinite variety of choices spread over an enormous geographical area.

Firms cannot compete solely based on sheer volumes in today's ever-evolving, information symmetric and globalised world of e-commerce. Instead, the realm of competition has shifted to delivering to ever-shortening delivery timeliness, both consistently and predictably. Negligible or zero delivery prices, doorstep delivery, traceability solutions and convenient reverse logistics have become the most important elements of differentiation for providers.

KPMG Report (2016) states that logistics is a key enabler for growth of the e-commerce retail industry and is increasingly emerging as a differentiator in terms of customer service and satisfaction. The report highlights that the total retail market is expected to raise from 20.5 per cent in 2016 to 5 per cent by 2020. Of the total organised retail market, online retail penetration is likely to increase from 6 per cent in 2014 to 25 per cent in 2020. Further, the report states that the logistics sector specific to e-commerce retailing in India was valued at USD 0.46 billion in 2016 and is projected to witness a CAGR of ~48 per cent in the upcoming 5 years to reach USD 2.2 billion by 2020. Finally, the report suggest that a combination of delivery speed, upgraded warehousing infrastructure, better service capabilities, technological advancements, and innovation could be some of the must haves for the e-commerce LSPs in the longer run.

Summary of the review of literature and research gap

An analysis of review of literature reveals that several studies have been done on internet marketing, online retailing, retail logistics, in various regions of India as well as foreign countries. But, the study on online marketing strategies with reference to discount and delivery mechanisms is not done by any researcher so far. The review of literature clearly shows that this is an under-researched area and there is a research gap in this area. Hence, an attempt is made to fill this gap by taking up the study on "A Study on Online Marketing Strategies with Special Reference to Discount and Delivery Mechanisms in Karnataka".

STATEMENT OF THE RESEARCH PROBLEM AND RESEARCH QUESTIONS

Statement of the research problem

The improvement in infrastructure like internet and smart phone penetration has contributed to the growth of online retailing. In India, customers are attracted towards online shopping mainly because of the advantages it offers, namely, convenience, availability of wide choices at relatively less price, easy comparison of products and services, easy mode of payments, and convenient delivery services. However, there are some limitations of online shopping,

such as unable to touch and feel the product, security, privacy, low penetration of Internet and others.

The main attraction of online retail stores is the huge discount they provide on a wide variety of products compared to traditional stores. Price competition is prevailing in the online marketplace to a large extent. So it becomes necessary to understand on what basis the customers evaluate the discounts offered by different online retail stores and make their purchase decisions. The Government is also imposing several restrictions on discounts given by the e-retailers, which has to be studied in detail.

Again, success or failure of an e-retail store depends upon its logistics. Customers are apprehensive towards shopping online as they fear that wrong product may be delivered. E-retailers have to provide timely and safe delivery of products to the customers' places. In addition to this, they have to develop easy returns management policy to ensure the customers that they can return the products within a stipulated time if they are not satisfied with the product quality on easy terms. This enhances customers trust on the e-retailer.

Research Questions

Developing good research questions is one of the important stages in the research process. It focuses the study, determines the methodology, and guides all stages of inquiry, analysis, and reporting. The following are the research questions developed for the proposed study:

1. What are the bases for the customers to examine the discounts provided by the online retail stores?
2. How does the delivery mechanism followed by the online retail store help it build customer trust?
3. Is there a gap in the quality of service provided by online retailers and the quality of experience of online customers?

OBJECTIVES OF THE STUDY

The study proposes to cover the following objectives:

1. To study the socio-economic profile of the respondents.
2. To examine the discounting strategies and delivery mechanisms of online retailers.
3. To study the customer perception regarding online discounts and delivery services of online retailers.

4. To evaluate the customer perception regarding quality of service and quality of experience in online retail business.
5. To provide suitable suggestions and marketing strategies to improve scalability in e-business models.

HYPOTHESES OF THE STUDY

H_1: There is a significant relationship between the socio-economic status of the customers and online buying behaviour..

H_2: There is an association between the discounts provided by the e-retailers and customer loyalty.

H_3: The delivery mechanism of e-retailers has significant impact on customer trust.

RESEARCH METHODOLOGY

In order to achieve the objectives of this study, a comprehensive methodology that can address the purpose the study has to be used. Accordingly, exploratory, descriptive, and explanatory types of research methods will be used. Exploratory research helps the researcher to understand the problem clearly. On the other hand, descriptive research assists the researcher in describing the situation in hand, or 'paint a picture' of the given situation (Zikmund, Babin, Carr, Adhikari, & Griffin, 2016) on which the researcher is interested to collect a full scale data.

After the exploratory and descriptive types of study are conducted and influential variables are identified, in the next stage of the study will be to conduct an explanatory research to define the relationship between the dependent and independent variables. Therefore, the present study will use exploratory, descriptive, and explanatory studies so as to meet the objectives.

Sources of Data: The study will be based on both primary and secondary data sources. The primary data will be collected from e-retailers Karnataka and also through a survey of online customers by using questionnaire method. The secondary data will be collected from books, journals, doctoral thesis, committee reports, annual reports, and other publications.

Sample: The primary data will be collected from the online retailers, namely, *Flipkart.com and Amazon.in*. Further, a sample of 400 persons employed in various private and public organizations with a working experience of at least two years will be selected using the

disproportionate stratified sampling method. Further, the sample would be selected only from chosen cities and towns of Karnataka. The sample size is calculated using the Cochran's formula for selecting sample from large population. The formula is –

$$n_0 = Z^2pq/e^2$$

Where n_0 is the sample size, Z^2 is the abscissa of the normal curve that cuts off an area α at the tails, e is the desired level of precision, p is the estimated proportion of an attribute that is present in the population and q is 1-p (Israel, 2013).

The products considered for the study include*: electronics, clothing and apparels, home furnishing and personal and health care products*.

The relevant statistical tools will be used for data analysis and interpretation.

SCOPE OF THE STUDY

The proposed study is considered to be empirical in nature. Electronic commerce is a broad term encompassing a plethora of services. However, the proposed study's focus is restricted to online retailing. The present study analyses the discount strategies adopted by the e-retailers operating in Karnataka, their delivery mechanism, and the customer attitude towards the same. The study covers only the selected e-retailers operating in Karnataka. The online customers residing in Karnataka are considered for the study. The study focuses on a few consumer goods, namely, electronics, clothing and apparels, home furnishing, personal and health care products.

SIGNIFICANCE OF THE STUDY

Online marketing is an emerging trend. Traditional brick-and-mortar businesses are shifting towards the online marketplace. Marketing in this new online environment requires a new set of marketing strategies which are quite different from the traditional ones.

These days most of the customers are shifting their purchases from offline stores to online stores. Books, mobile phones and accessories, apparels, and clothing are the most preferred products to shop online.

The online marketplace has gained much popularity due to the attractive offers and discounts offered by the e-retailers to the customers. A detailed study of the discounting strategies in online marketing is very important.

The success of any e-retailing business greatly depends on the delivery services it provides to its customers. In fact, customers prefer online shopping because they can get the products delivered to their doorsteps. The logistics service provided by the e-retailer has to be very efficient. So, the study of the delivery mechanism followed by the e-commerce sector is important.

Thus, the proposed study on online marketing strategies with special reference to discount and delivery mechanisms in Karnataka becomes relevant as it attempts to cover the deficiency in data with regard to the Indian e-tail space.

LIMITATIONS OF THE STUDY

- The study will consider only two e-retailers operating in Karnataka.
- The study covers only the customers who often buy online.
- The discounts offered by the e-retailers are highly fluctuating and this poses a challenge for the proposed study.

CHAPTER SCHEME

The study is coordinated in chapters as presented below:

Chapter I: Introduction

This will be an introductory chapter which will include all the technical aspects of the study, namely, introduction to the research problem, statement of the problem, objectives of the study, hypotheses of the study, research methodology, significance of the study, scope and limitations of the study. The chapter covers the conceptual frame work relating to e-commerce, online marketing, online retailing, and online retail logistics management.

Chapter II: Review of Literature

This chapter provides a detailed review of earlier research studies conducted in this field and identifies the research gap.

Chapter III: Online Marketing Strategies

This chapter will analyse the various marketing strategies adopted by the online retailers in India. The chapter will also include an analysis of the socio economic profile of the respondents.

Chapter IV: Discount Strategies and Delivery Mechanisms of Online Retailers

This chapter will analyse the discount strategies and delivery mechanisms adopted by various e-retailers and their courier partners with regard to selected consumer goods and the customer attitude towards the discounts offered by various e-retailers and also towards the delivery services of online retailers.

Chapter V: Quality of Service and Quality of Experience

The chapter will analyse the customer perception regarding the quality of service and quality of experience in the online retail arena. This chapter summarises the satisfaction of customers towards the quality of services of the online retailers.

Chapter VI: Summary of Findings, Suggestions, and Conclusion

The last chapter presents the summary of findings, suggestions based on the findings, and also conclusion. Areas of further research will also be provided in this chapter.

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